

RESOLUTION NO. 95-156

**A RESOLUTION OF THE COUNCIL OF THE
CITY OF SANTA BARBARA ESTABLISHING
BUDGET POLICIES FOR THE GENERAL
FUND AND THE ENTERPRISE FUNDS**

WHEREAS, the City Council desires that the development and adoption of the annual budgets for the City's General Fund and the Enterprise Funds should be guided by sound budget principles; and

WHEREAS, staff historically has relied on sound budget principles in preparing the recommended Two Year Financial Plan and Annual Budget for the City; and

WHEREAS, such policies will be most readily communicated and understood if they are consolidated and formally adopted in a single document; and

WHEREAS, management staff from all departments have participated in discussions and development of proposed budget policies; and

WHEREAS, staff has presented and Council has reviewed the proposed policies in a Council Work session on October 17, 1995; and

WHEREAS, the Council has considered the proposed policies at a regular Council meeting on November 14, 1995;

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Santa Barbara that the following budget policies are adopted:

1. For the Two Year Financial Plan covering Fiscal Years 1997 and 1998, all current operating expenditures will be paid for with current revenues.
2. Budgetary emphasis will focus on providing high quality municipal services, recognizing the fundamental importance to the public of public safety and well maintained infrastructure.
3. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment.
4. The budget will reflect a higher priority for maintenance of existing facilities than for acquisition of new facilities.

5. Future maintenance needs for all new capital facilities will be fully costed out, and added costs will be recognized and included in future year budget projections.
6. Strong customer service and productivity improvements with a focus on cost savings remain important budgetary goals.
7. A diversified and stable revenue system will be maintained to shelter the City from short-run fluctuations in any single revenue source.
8. Revenues will be conservatively estimated, will be projected for the next four years and will be updated at least annually.
9. Intergovernmental assistance in the form of grants and loans will be used to finance only:
 - those capital improvements consistent with the Six-Year Capital Program priorities and which can be maintained and operated over time; and
 - operating programs which either can be sustained over time or have a limited horizon.
10. One-time revenues will be used for operating programs only after an examination determines whether they are subsidizing an imbalance between operating revenues and expenditures, and then only if a long-term forecast shows that the operating deficit will not continue. In general, one-time revenues will be used only to support capital or other non-recurring expenditures.
11. Budgetary strategies that fund current operations at the expense of future needs, such as postponing capital expenditures, will be avoided.
12. All fees and charges for each enterprise fund will be set at a level that fully supports the direct and indirect cost of the enterprise.
13. Annually, the City will seek the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Reporting and the GFOA Distinguished Budget Presentation Award.